

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1413

IN THE MATTER OF:

Application of CENTRAL)
DELIVERY SERVICE, INC.,)
for a Certificate of)
Public Convenience and)
Necessity)

Served March 26, 1975

Application No. 854

Docket No. 281

By Application No. 854, filed December 31, 1974, Central Delivery Service, Inc. (Central) seeks a certificate of public convenience and necessity, pursuant to Title II, Article XII, Section 4(b) of the Compact, to transport passengers within the District of Columbia, between the Atlantic Terminal, located between Martin Luther King, Jr., Avenue and South Capitol Street, in the District of Columbia, on the one hand, and on the other, points in that part of the District of Columbia, east of Interstate Highway 295, south of Portland Street, and west of 13th Street, S. E.^{1/} Central has filed, as part of the application, a tariff setting forth a per capita one-way fare of twenty-five cents. By Order No. 1391, served January 2, 1975, the Commission approved a similar tariff for the services performed under the temporary authority. By Order No. 1410, served March 7, 1975, the Commission recently approved Supplement No. 1 to WMATC Tariff No. 2 which permits the acceptance, in lieu of the prescribed twenty-five cents one-way fare, of a coupon entitling a passenger to a free ride. Central has not sought a modification of the proposed tariff to embrace the use of a coupon. However, the Commission shall consider the proposed tariff as requesting inclusion of a provision permitting the acceptance of a coupon entitling a passenger to a free ride.

^{1/} Central presently operates in this same area pursuant to temporary authority granted by Order No. 1353, served October 8, 1974.

Pursuant to Order No. 1392, served January 3, 1975, a hearing was held February 13, 1975. Central appeared at the hearing as the applicant. The Metropolitan Washington Council of Governments (COG) appeared in support of the application.

Central is a wholly-owned subsidiary of Central Courier Service. Central currently provides transportation services for airflight personnel between points in the District of Columbia and either Washington National Airport or Dulles International Airport. In addition, Yellow Cab of Montgomery County, is an operating subsidiary of Central Courier Service and provides taxicab service within the Metropolitan District.

COG is a metropolitan-wide governmental organization concerned with the various aspects of metropolitan development. It serves as a regional planning agency, including transportation planning for the Metropolitan District.

COG has entered an agreement with Central to provide subsidiary funding for the performance of the proposed service. The agreement requires Central to perform the service during a five and one-half hour period, divided equally between morning and evening hours, Monday through Friday, except Holidays. Central uses six vehicles, each with seating capacity for seven passengers. COG compensates Central at the rate of \$9.00 per hour per vehicle. Any amount collected by Central from fare-paying passengers is applied to the payment as an offset. COG's subsidy is extended only to Central and it is intended to continue for approximately one more year. The agreement provides for an interruption in service resulting from matters beyond the control of either Central or COG and for termination of the agreement by COG upon written notice to Central.

The findings to be made by the Commission, after hearing, with respect to applications for certificates of public convenience and necessity are set forth in Title II, Article XII, Section 4(b) of the Compact. Essentially, the Commission must make two separate findings. First, the applicant must be "fit, willing and able" to conform to the provisions of the Compact and the rules, regulations and requirements of the Commission thereunder. Second, the proposed transportation "must be or will be required" by the public convenience and necessity. In addition, approval by the Commission of the proposed tariff must

be based on a finding that the tariff is just, reasonable, and not unduly preferential or unduly discriminatory either between riders or sections of the Metropolitan District. See Compact, Title II, Article XII, Section 6(a)(2).

The proposed service to be provided by Central would be a feeder service to the Atlantic Terminal in the morning and a distributing service from the Atlantic Terminal in the evening. The Atlantic Terminal is four bus shelters which are part of the bus system operated by the Washington Metropolitan Area Transit Authority (WMATA). The area to be served by Central is two square miles and has approximately 30,000 residents. This area currently is served by regular-route bus service operated by WMATA. The essential features of the proposed service are that it would operate over irregular routes within the specified area and that it would provide direct service between the Atlantic Terminal and the passenger's residence. The proposed service is meant to complement the existing bus service provided by WMATA and not compete with it.

The proposed service would be offered to any person in the designated area who desired transportation to or from the Atlantic Terminal. The morning service would be offered on a prior reservation basis. The evening service would be offered to anyone leaving the Atlantic Terminal and desiring the transportation.

During the period of temporary authority, the proposed service has been offered to members of the general public initially at no fare and recently at a fare of twenty-five cents. The no-fare period had approximately 800 passenger trips per week as compared to 475 passenger trips per week during the fare period. This difference in patronage indicates that individuals with only marginal need for the service used it when there was no expense involved. Since the fare has been charged, there has been a significant increase in the distance of each trip. This difference in the average distance of each trip indicates that the farepaying passenger is using the service to make a longer trip than the no-fare passenger.

Central proposes to provide this service in vehicles with limited capacity and only as long as there is a subsidy agree-

ment with COG. Without the subsidy, Central has stated that it would not provide the service. The Commission believes that the authority to be granted to Central must contain two restrictions. 2/ First, the operation shall be performed in vehicles with a capacity of 8 to 15 passengers only, including the driver. Second, the authority shall be conditioned to provide for revocation upon the termination of the subsidy payment.

The Commission finds that Central is fit, willing and able to perform the proposed transportation properly and to conform to the provisions of the Compact and the Commission's rules, regulations and requirements thereunder. The Commission further finds that approval of Central's application is required by the public convenience and necessity.

Central also seeks approval of a tariff naming rates and rules governing the requested transportation authority. As previously indicated, the Commission's consideration includes the provision for the use of coupons in lieu of the twenty-five cents fare. Although the twenty-five cents fare represents the amount to be paid by each passenger using the proposed service, Central will not be dependent upon passenger revenues to meet the expenses of the proposed operation. Rather, Central will be paid by COG according to the terms of the subsidy agreement.

Central submitted a statement of revenues and expenses resulting from the temporary operation of the proposed service performed pursuant to Order No. 1353. The revenues were calculated on the basis of the actual amount billed to COG as owing under the subsidy agreement. For the period October 1, 1974 through December 31, 1974, the revenues 3/ amounted to \$16,537.50. For the same period, Central estimated that the expenses before taxes amounted to \$15,638.38.

2/ The Commission has the power to attach to the issuance of a certificate and to the exercise of the rights granted thereunder such reasonable terms and conditions as the public convenience and necessity may require subject to specified limitations not here relevant. See Compact, Title II, Article XII, Section 4(b).

3/ Revenues, as used here, indicates the total payments from COG.

In order to project revenues and expenses for a one year period ending September 30, 1975, Central merely multiplied the revenues and expenses for the first quarter of this period by four. Central projected revenues for the year in the amount of \$66,150.00 and, after rounding the expenses to the nearest dollar amount, projected expenses for the year in the amount of \$62,553.00. The result of these projections would be a return of \$3,597.00 before taxes or rate of return on revenues of 5.44 percent.

As previously indicated, the amount of revenue received by Central for performing the proposed operation is not dependent upon the individual fares charged the passengers. During the period October 1, 1974 through December 31, 1974, the number of passengers using the service was 9,615. Significantly, no fare was charged at that time. The revenues received by Central for that period were \$16,537.50. In order for Central to have generated that amount of revenue without a subsidy with the same number of passengers, it would have had to charge each passenger \$1.72 per trip.

The Commission has given consideration to, among other things, the financial condition of Central, its revenue requirements, and whether Central is being operated economically and efficiently. The Commission concludes that the proposed rates are just, reasonable and not unduly preferential or unduly discriminatory either between riders or sections of the Metropolitan District.

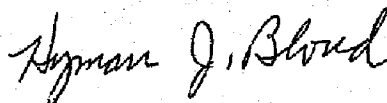
The Commission has considered the other matters pressed by the parties but finds they do not warrant action contrary to that which is now directed.

THEREFORE, IT IS ORDERED:

1. That Application No. 854 of Central Delivery Service, Inc., be, and it is hereby, granted.
2. That Central Delivery Service, Inc., be, and it is hereby, issued Certificate of Public Convenience and Necessity No. 23, as attached hereto and made a part hereof.

3. That Central Delivery Service, Inc., be, and it is hereby, directed to file WMATC Tariff No. 1 in accordance with the authority granted herein, such tariff to be effective upon acceptance by the Executive Director.

BY DIRECTION OF THE COMMISSION

A handwritten signature in cursive script, reading "Hyman J. Blond".

HYMAN J. BLOND
Executive Director

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

NO. 23

CENTRAL DELIVERY SERVICE, INC.
SILVER SPRING, MARYLAND

By Order No. 1413 of the Washington Metropolitan Area Transit Commission issued March 26, 1975,

AFTER DUE INVESTIGATION, it appearing that the above-named carrier is entitled to receive authority from this Commission to engage in the transportation of passengers within the Washington Metropolitan Area Transit District as a carrier, for the reasons and subject to the limitations set forth in Order No. 1413.

THEREFORE, IT IS ORDERED, that the said carrier be, and it is hereby, granted this certificate of public convenience and necessity as evidence of the authority of the holder to engage in transportation as a carrier by motor vehicle; subject, however, to such terms, conditions and limitations as are now, or may hereafter be attached to the exercise of the privilege herein granted to the said carrier.

IT IS FURTHER ORDERED that the transportation service to be performed by the said carrier shall be as specified below:

IRREGULAR ROUTES:

SPECIAL OPERATIONS:

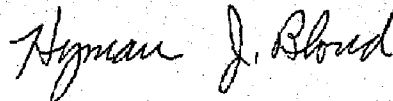
Between the Atlantic Terminal, located between Martin Luther King, Jr., Avenue and South Capitol Street, in the District of Columbia, on the one hand, and on the other, points in that part of the District of Columbia, east of Interstate Highway 295, south of Portland Street, and west of 13th Street, S. E.

RESTRICTED: to the performance of such transportation in 8 to 15 passenger vehicles only, including the driver.

IT IS FURTHER ORDERED that the transportation authorized by this certificate of public convenience and necessity shall be conditioned to provide for revocation upon the termination of the subsidy agreement between Central Delivery Service, Inc., and the Metropolitan Washington Council of Governments dated September 18, 1974.

AND IT IS FURTHER ORDERED and made a condition of this certificate that the holder thereof shall render reasonable, continuous and adequate service to the public in pursuance of the authority granted herein, and that failure so to do shall constitute sufficient grounds for suspension, change or revocation of the certificate.

BY DIRECTION OF THE COMMISSION

A handwritten signature in cursive script, reading "Hyman J. Blond".

HYMAN J. BLOND
Executive Director